NATIONAL COUNCIL of TEXTILE ORGANIZATIONS

Textile News & Information

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NCTO BOARD VOTES TO SUPPORT DR-CAFTA

Washington, DC -- On May 5, 2005, the Board of Directors of the National Council of Textile Organizations (NCTO) voted to support the Dominican Republic-Central American Free Trade Agreement (DR-CAFTA). In response to yesterday's decision, Allen Gant, Chairman of NCTO, issued the following statement on behalf of the Board of Directors.

"NCTO recognizes the strong and important ties between the domestic industry and the DR-CAFTA countries. The DR-CAFTA region is a very important part of the domestic industry's supply chain and we need this DR-CAFTA to ensure that the U.S. textile industry can remain competitive against China. The U.S. textile industry exported more than $5 billion a year in yarns, fabric and component parts to the region last year.

We are pleased with the Administration's recent efforts to clarify its intent with respect to certain provisions of the DR-CAFTA that are problematic for the industry, especially regarding pocketings and linings, cumulation and TPLs.

The DR-CAFTA currently provides that nonvisible pocketings and linings can be sourced from anywhere in the world, while visible linings must be sourced from the region.

The new U.S. Trade Representative Rob Portman, in response to a recent inquiry from Senator Elizabeth Dole, committed that upon ratification of DR-CAFTA by the Congress, USTR will utilize the DR-CAFTA amendment mechanism to pursue a rule of origin change for nonvisible pocketings and linings. This will ensure that $100 million in existing U.S. pocketing and lining exports to the region are not lost. We look forward to working with Ambassador Portman to ensure this change occurs. (See attached Portman letter).

The DR-CAFTA also dictates that a Customs Enforcement Agreement must be in effect between the U.S. and Mexico prior to the cumulation provisions of the Agreement being utilized. We are very pleased the Administration has reaffirmed its commitment to negotiate a substantive and aggressive Customs Enforcement Agreement with Mexico before cumulation is implemented. (See attached USTR letter).

Additionally, the recent commitment by Nicaragua to allocate its trade preference levels (TPLs) to its current non-qualifying U.S. trade will ensure that existing U.S. business is not impacted by this provision. This is a significant commitment on behalf of Nicaragua since the TPL could potentially displace nearly $100 million in existing U.S. business to that country. (See attached letter from Nicaragua).

We will continue to work closely with President Bush and his Administration on these important issues

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and many others affecting our industry. We look forward to continuing this relationship to the benefit of all U.S. textile manufacturers and workers."

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